

Memorandum

*Flex your power!
Be energy efficient!*

To: JAMES PINHEIRO
Deputy District Director
District 12 - Maintenance and Operations
Original Signed By

Date: December 28, 2009

File: P3030-0645

From: GERALD A. LONG
Deputy Director
Audits and Investigations

Subject: District 12 Maintenance Office Review

Attached for your information is Audits and Investigations' (A&I) final report for the District 12 Maintenance Office Review. This review was performed as a management service for your consideration in the oversight role of the Maintenance and Operations Unit.

We thank you and your staff for its assistance during our review. A&I's review is an independent internal review intended to provide you with feedback for your management's consideration.

If you have any questions or need additional information, please call Laurine Bohamera, Chief, Internal Audits, at (916) 323-7107.

Attachment

c: Cindy Quon, District Director, District 12
Steve Takigawa, Chief, Division of Maintenance
Laurine Bohamera, Chief, Internal Audits, Audits and Investigations
Armand Silva, Maintenance Manager II, District 12
Liz Anderson, Maintenance Manager I, District 12

P3030-0645
District 12 Maintenance Review
December 2009

Gerald A. Long

Deputy Director

Audits and Investigations

California Department of Transportation

DISTRICT 12 - MAINTENANCE REVIEW

SUMMARY

Audits and Investigations has completed a maintenance review of District 12. The purpose of the review was to assess whether accounting and administrative procedures were being followed, fiscal data was entered properly into the accounting sub-systems, and that proper measures were in effect to safeguard the California Department of Transportation's (Department) assets. The review was performed as a management service for your consideration in your oversight role of the Maintenance Unit.

Our examination of the accounting records and control procedures was based on District 12's compliance with the Department's Accounting Manual, State Administrative Manual (SAM), and departmental policies and procedures. The scope of our review covered personnel time and payroll records, overtime and warrant distribution procedures, damage reports, CAL-Card, bulk fuel, chemical inventory, home storage permits, and other records and tests as deemed necessary.

Our review disclosed that the accounting records and control procedures followed by District 12's Maintenance Unit were generally in compliance with the Department's Accounting Manual, SAM, and departmental policies and procedures, except as follows:

- Noncompliance with CAL-Card Handbook and the Acquisitions Manual
- Weaknesses in Bulk Fuel Safeguards
- Weaknesses in Chemical Inventory Monitoring
- Noncompliance with Vehicle Home Storage Permit Guidelines
- Weaknesses in Safeguarding Maintenance Yards
- Noncompliance with the Acquisition Manual
- Noncompliance with Department of Personnel Administration Policy
- Weaknesses in the Damage Reporting Process
- Late Submittal of Voyager Monthly Purchase Authorization Form

OBJECTIVES

The objectives of the maintenance review were to assess whether accounting and administrative controls were being followed, fiscal data was entered properly into the accounting sub-systems, and proper measures were in effect to safeguard the Department's assets.

SCOPE AND METHODOLOGY

The scope of our review included personnel time and payroll records, overtime and warrant distribution procedures, purchases, damage reports, CAL-Card, bulk fuel, chemical inventory, home storage permits, and other records and tests as deemed necessary. Our review did not include a review of cookhouses and bunkhouses, petty cash, or explosive inventory as these items do not exist in District 12. Our methodology consisted of interviewing personnel, reviewing records, and performing other analytical procedures and tests as we considered necessary.

DISTRICT 12 - MAINTENANCE REVIEW

The period of the review focused on District 12's transactions and operations from July 1, 2008, through January 31, 2009.

RESULTS

The maintenance review disclosed that District 12's Maintenance Unit followed accounting and administrative procedures, entered fiscal data properly into the accounting sub-systems, and took proper measures to safeguard the Department's assets. However, we identified the following deficiencies where internal controls can be improved:

- Noncompliance with CAL-Card Handbook and the Acquisition Manual
- Weaknesses in Bulk Fuel Safeguards
- Weaknesses in Chemical Inventory Monitoring
- Noncompliance with Vehicle Home Storage Permit Guidelines
- Weaknesses in Safeguarding Maintenance Yards
- Noncompliance with the Acquisition Manual
- Noncompliance with Department of Personnel Administration Policy
- Weaknesses in the Damage Reporting Process
- Late Submittal of Voyager Monthly Purchase Authorization Form

For further information, please see the Attachment.

We hope this review proves useful in your oversight role of District 12's Maintenance Unit. If you have any questions, please contact Laurine Bohamera, Chief, Internal Audits, at (916) 323-7107.

Original Signed By

GERALD A. LONG
Deputy Director
Audits and Investigations

April 29, 2009
(Last Day of Field Work)

Attachment

Audit Team:
Laurine Bohamera, Chief, Internal Audits
Paula Rivera, Audit Supervisor
Teresa Muñoz, Auditor
Chantha Da, Auditor

ATTACHMENT

DISTRICT 12 - MAINTENANCE REVIEW

1. Noncompliance with the CAL-Card Handbook

Background:

CAL-Cards are used widely throughout District 12 as an alternate means to procure goods and services for purchases under \$5,000, with delegation of authority passed from the Division of Procurement and Contracts (DPAC) to the approving officials (AOs) and cardholders (CHs). CHs are assigned to an AO who reviews and approves the CH's charges and Statement of Account (SOA). The CH is responsible for submitting a completed SOA package to the Division of Accounting (DofA). The security and correct use of the CAL-Card are the responsibilities of the CH and the AO.

Issue:

There are 48 CHs and 7 AOs in District 12. We reviewed and tested a total of 10 completed SOA packages. Based upon our interviews, observations and testing, District 12's Maintenance CAL-Cards are adequately safeguarded, restricted, and used for authorized purposes only. However, we found that all CHs and AOs had not completed Conflict of Interest form (ADM-3043). In a separate test, we noted 7 instances where cardholder SOAs were received in DofA after the eighth of the month for the October and November statement cycles.

The CAL-Card Handbook, Section 1.17, requires CHs and AOs to complete and file a form ADM-3043. District 12's Regional Administrative Officer (RAO), CHs, and AOs were not aware of form ADM-3043. Failure to read and sign acknowledgment form ADM-3043 may result in CHs and AOs not obtaining a good understanding of conflicts of interest with their duties involving CAL-Card. In addition, it provides management no documentary evidence that conflict of interest policies were disseminated.

The CAL-Card Handbook, Section 6.2, requires approving officials to submit SOA packages to the DofA's VISA Payments Section by the eighth of the month. SOAs not received in DofA by the eighth of the month will result in DofA delaying the payment process and submitting processed claims schedules to the State Controller's Office (SCO) by the 22nd of each month.

Recommendation:

To comply with the CAL-Card Handbook, we recommend District 12's Maintenance management:

- Ensure all CAL-Card holders and approving officials complete and retain the form ADM-3043.
- Ensure all CHs and AOs submit SOA packages to DOA by the eighth of each month.

2. Weaknesses in Bulk Fuel Safeguards

Background:

The California Department of Transportation (Department) purchases bulk fuel to operate its fleet of heavy equipment and large assortment of vehicles. The Bulk Fuel Program is currently operated under the Division of Maintenance's Office of Emergency Management. Previously, bulk fuel was under the management of the Division of Equipment (DOE). DOE established bulk fuel procedures in the Materiel Procedures dated April 30, 2001, and Roles & Responsibilities for Management and Control of Bulk Fuel, Policy & Procedure No. 83-2, issued December 12, 1983.

District 12 maintains four bulk fuel stations: Toll Roads, San Juan Capistrano, Orange, and Batavia. Each station stores diesel and unleaded fuel. In addition, Toll Roads and Batavia store Ethanol 85 (E-85). With the exception of the E-85 tanks, bulk fuel operations are automated and all fuel transactions and inventory are electronically monitored. Fuel is disbursed through the use of Voyager cards.

In 2007, a Feasibility Study Report (FSR) for the Bulk Fuel Program was requested and prepared by the independent consulting firm of Cambria Solutions. The FSR results were issued in June 2007 and reviewed by our office, shortly thereafter. The FSR identified key internal control elements and recommended corrective actions to the Department. Our review of the FSR identified three main findings that were reported to the Division of Maintenance as follows:

1. Weak security, accountability, and oversight of both the manual and automated bulk fuel systems.
2. Lack of written policies and procedures for the automated bulk fuel system.
3. The automated bulk fuel system does not adhere to information technology standards.

Issue:

Our review of District 12's bulk fuel stations, interviews of maintenance supervisors, and review of procedures performed, confirmed the findings reported to the Division of Maintenance in 2007. Specifically, we found:

- The policy and procedures governing bulk fuel have not been updated to include E-85 or account for the automated fuel system.
- The roles and responsibilities of field maintenance and Headquarters' staff over safeguarding bulk fuel are not clear. Existing guidelines are outdated and not relevant to the existing automated fuel system or E-85.
- District 12's maintenance staff is not following existing bulk fuel guidelines. Specifically, all stations we visited, including diesel, unleaded gasoline, and E-85 are not completing form FA-0095 (Recapitulation Form). In addition, none of the maintenance stations are completing form DME-0045 (Disbursement Record) for diesel or unleaded fuel.

- Dipstick readings are not being taken monthly, nor before and after fuel deliveries. The Toll Roads bulk fuel tanks lack adequate equipment to safely allow dipstick readings. Specifically, the tanks do not have attached ladders.
- Bulk fuel tanks are not locked. One fence could not be locked properly.

Materiel Procedures Chapter 4.7:2.01 and Roles & Responsibilities for Management and Control of Bulk Fuel, Policy & Procedure No. 83-2 require the following:

- Accurate completion of forms FA-0095 and DME-0045.
- Regular dipstick measurements to identify variances in bulk fuel inventory; if a variance of 2 percent or more exists, the variance should be investigated and resolved.
- Adequate levels of control to safeguard the fuel.

Maintenance supervisor and crews were not aware they were required to complete form FA-0095 and DME-0045 given the diesel and unleaded fuel sites were automated and the E-85 fuel was not included in existing guidelines. Employees were under the impression the forms were no longer required as the automated system tracks all fuel transactions and the information is forwarded to Headquarters electronically. The Toll Roads station could not perform dipstick readings due to the absence of attached ladders.

Neglecting to perform dipstick readings and complete forms FA-0095 and DME-0045 will result in failure to detect and investigate fuel variances. Neglecting to properly secure bulk fuel tank areas increases the likelihood of theft. As a result, we are not assured that bulk fuels are adequately safeguarded against misuse and theft.

Recommendation:

To safeguard bulk fuel, we recommend District 12's Maintenance management:

- Work with Headquarters to update the Bulk Fuel Program Policy & Procedures No. 83-2 to include E-85 and address the needs of the automated bulk fuel system.
- Clarify roles and responsibilities over safeguarding bulk fuel. Specifically, apply the current Material Procedures Chapter 4.7:2.01 and Roles & Responsibilities for Management and Control of Bulk Fuel, Policy & Procedure No. 83-2 guidelines to the automated fuel system and E-85 stations.
- Ensure maintenance staff follow the existing procedures outlined in Policy & Procedure No. 83-2 and Chapter 4.7 of the Materiel Procedures Manual and complete forms FA-0095 and DME-0045, as well as perform regular dipstick readings.
- Ensure dipstick readings are performed monthly, as well as before and after fuel deliveries. Also, ensure bulk fuel tanks are properly equipped with ladders to safely allow staff to perform dipstick readings.
- Ensure bulk fuel stations are adequately secured both during and after work hours. All tanks should be locked to prohibit direct access to fuel.

3. Weaknesses in Chemical Inventory Monitoring

Background:

The landscape crews within the Division of Maintenance are responsible for controlling plants growing on State highway roadsides. Crews use various chemicals/herbicides/pesticides to achieve this objective. District Maintenance Stations are responsible for storing and using pesticides in accordance with California Department of Pesticide Regulation (DPR) rules and regulations, as well as the guidelines established in the Department's Maintenance Manual.

Historically, District 12's Maintenance stored all chemical inventories at the Orange station warehouse. However, beginning in 2007, by direction of Headquarters' Division of Maintenance, chemicals are now stored at seven of District 12's maintenance stations.

Issue:

We interviewed landscape supervisors, reviewed applicable guidelines, visited storage areas and assisted in chemical inventory counts to determine whether chemical inventories are adequately safeguarded and in compliance with Maintenance Manual guidelines. Based upon the work performed, we found the following:

- There is inadequate segregation of duties over chemical inventory. A supervisor is responsible for purchasing chemicals, updating the Integrated Maintenance Management System (IMMS), has access to the inventory at any time, and may conduct the physical inventory count. This issue was previously identified and communicated in our report dated July 17, 2006, File No. P3030-0631.
- Variances between IMMS and actual physical inventory counts are not investigated and accounted for. Variances ranged from 4 to 3,920 ounces.

The Department's Maintenance Manual, Chapter 2.10.1, Resource Management, states, "It is the policy of Caltrans to maintain inventory control and accountability of all material until such items are put into use."

The purpose of inventory control is to safeguard assets. The Department is required to safeguard assets through internal controls; one aspect of good internal controls is segregation of duties.

Government Code (GC) 13403 states the elements of a satisfactory system of internal accounting and administrative controls, shall include, but are not limited to a plan of organization that provides segregation of duties appropriate for proper safeguarding of State assets.

Landscape supervisors were not aware that segregation over inventories was required or that variances require investigation and resolution. As a result, we are not assured that chemicals are adequately safeguarded. Inadequate internal controls over chemical inventory could result in the loss, theft, and/or misappropriation of State resources.

Recommendation:

We recommend District 12's Maintenance management implement the following internal controls over chemical inventory:

- Ensure segregation of duties over chemical inventories. An independent person should be assigned to perform physical chemical inventory counts and reconciliations.
- Ensure variances between IMMS inventory and actual physical counts are investigated and accounted for. IMMS should be updated to reflect accurate inventory amounts only after differences are accounted for.

4. Noncompliance with Vehicle Home Storage Permit Guidelines

Background:

A Home Storage Permit (HSP) must be obtained when a State-owned vehicle is stored at an employee's home or in the immediate vicinity of the home for more than 72 nights over a 12-month period, or more than 36 nights over a 3-month period. DOE coordinates the statewide HSP program and provides forms and instructions upon request. Maintenance employees respond to highway emergencies where timing is critical. As a result, some employees take their assigned vehicle home in order to respond to after-hour emergencies.

Internal Revenue Service regulations, (please refer to SAM Section 8572.4), generally consider the value of personal use of State-owned vehicles as taxable income, which must be reported to the SCO. As such, the HSP Guidelines require daily home to work travel via State-owned or leased vehicles by HSP holders, when not on per diem, shall be reported on a Personal Use of State Vehicle form (PM-0041).

Issue:

We reviewed current HSP guidelines, interviewed applicable staff, and performed testing of HSP documents to determine whether the HSPs and holders were in compliance with the established HSP guidelines. Based upon our review, we found the following:

- HSP holders were not consistently reporting personal use of a State vehicle on form PM-0041. In fact, we identified only 1 out of 10 HSP holders who regularly completed and submitted a form PM-0041 to DofA.
- Five of the 26 permit holders did not have an emergency call-out for the seven-month period we tested, and the HSP Guideline requirement for Type A permits is a minimum of 12 call outs a year.
- Only five permit holders are reporting vehicle usage into the Car Tags Online Usage system, as required by the HSP Guidelines.

Deputy Directive DD-28-R2 requires HSP holders who use State-owned or leased vehicles for daily work commutes to complete form PM-0041. In addition, HSP Guidelines assign supervisors the responsibility of ensuring form PM-0041 is completed and forwarded to DofA.

Although use of a “qualified non-personal” vehicle may be excluded from personal income reporting, as detailed in the Department’s Guidelines for Personal Use of State Vehicles Tax Reporting Requirements August 2008, District 12’s current HSP holders do not meet the criteria of a qualified non-personal vehicle.

HSP holders are not reporting and supervisors are not enforcing the requirement to report personal use of a State vehicle. Permit holders who are commuting to and from work are personally benefiting from the use of State-owned property, which can be considered misuse of the State vehicle. Employees are not accurately reporting taxable income of \$1.50 one-way or \$3.00 round-trip.

Failure to report vehicle usage in the Car Tags Online Usage system and absence of reporting personal use of State vehicle to DofA was previously identified and communicated to district management in our report dated July 17, 2006, File No. P3030-0631.

Employees are not reporting their emergency call-out trips or employees are not being called out for emergency situations. HSP guidelines for incident and emergency call out permits require a minimum of 12 call-outs per year, a response time of 30 minutes or less, and all call-outs must be recorded on the Log of Emergency Trips, DM-0090, or electronic call-out log.

Lack of compliance with State and departmental policy increases the risk of misuse of vehicles. Failure to report personal use could result in penalties assessed by federal and State governments.

Recommendation:

We recommend District 12’s Maintenance management ensure all HSP holders comply with existing HSP Guidelines and DD-28-R2 to ensure the following:

- Monthly submittals of PM-0041 for all HSP holders.
- Authorization of HSPs only to eligible, emergency call-out employees.
- Daily reporting of vehicle usage in the Car Tags Online Usage system.

5. Weaknesses in Safeguarding Maintenance Yards

Background:

District 12’s Maintenance management is responsible for safeguarding nine different maintenance yards. The yards may include, but are not limited to the following assets:

- Bulk fuel storage tanks.
- Heavy and small equipment.

- An assortment of vehicles.
- Chemical storage sheds.
- Safety and hazard signs/equipment sheds.
- Other supply sheds (gas for equipment, hazardous waste, paint, etc.).
- Bulk materials (metals, sand, and landscaping materials).
- Electrical equipment and inventory.
- Shop and shop equipment.
- Office buildings.

Issue:

We performed site visits at five different yards:

- Batavia – Regional Office, bulk fuel site.
- Orange – bulk fuel site.
- Toll Roads – bulk fuel and chemical inventory site.
- San Juan Capistrano – bulk fuel and chemical inventory site.
- Costa Mesa – chemical inventory site.

At each yard, we looked at bulk fuel tanks, chemical storage sheds, safety and hazard signs, miscellaneous sheds, entrance gates, perimeter of yards and the surrounding areas. Specifically, we checked to see if locks were in use, if there were any visible safety issues, if fences were in good shape, and if there was onsite security. Overall, each yard appeared well organized and clean. All yards had fences around the perimeter and gates that could be locked. However, all of the bulk fuel tanks and sheds at one yard were not locked and fences at one of the five yards need repairs.

SAM Section 20050 requires that State entities establish and maintain internal and administrative controls to ensure proper safeguarding of assets. To this end, the Department's Maintenance Manual, Section 2.1.06, Loss or Damage to State Facilities, requires maintenance stations to be locked when unattended. In addition, Materiel Procedures Chapter 4.7:2.01 and Roles & Responsibilities for Management and Control of Bulk Fuel, Policy & Procedure No. 83-2 require locks on all pumps, pump houses, and bulk fuel tanks.

Leaving bulk fuel tanks and sheds unlocked and not ensuring adequate yard fencing may jeopardize the safety of State-owned assets.

Recommendation:

We recommend District 12's Maintenance management take action to safeguard state property including, but not limited to the following:

- Repair broken fences.
- Install locks on all bulk fuel tanks. The tanks should be locked at all times, except when dipstick readings are taken and fuel is dispensed.

- Ensure that all storage sheds are locked when not in use.

6. Noncompliance with the Acquisition Manual

Background:

DPAC authorizes purchases of goods and services between \$5,000 and \$100,000 through the use of forms ADM-1415 Purchase Request (PR) and STD 65, Purchasing Authority Purchase Order (PAPO). PAPO is also known as a Contract Delegation Purchase Order. DPAC has established guidelines for the use and applicability of PRs and PAPOs within their Acquisition Manual.

Issue:

Based upon our interviews and testing, District 12's PAPO process is in compliance with the Acquisition Manual guidelines, except we found that all PR and PAPO users had not completed a form ADM-3043. We also identified instances when complete PAPO packages were not received by DofA within 15 working days from the time the district received a vendor invoice. Of the 13 tested PAPO packages, 5, or 38 percent, were received by DofA after 15 working days.

DPAC's Acquisition Manual requires PR and PAPO users to complete and file a form ADM-3043. The RAO, PR and PAPO users were not aware of form ADM-3043.

The State Prompt Payment Act (GC Section 927.4), states that to avoid late payment penalties, the maximum time from State agency receipt of an undisputed invoice to issuance of a warrant for payment is 45 calendar days, including not more than 30 calendar days for the State agency to submit a correct claim schedule to SCO, and not more than 15 calendar days for SCO to issue the warrant. The Department allows 14 days in the region office to process the payment. Should the processing be longer than 14 days in the region office, the region is charged for any late payment penalties that may occur.

The Department's Acquisition Manual, Chapter 7.2.2, requires PAPO package submission to DofA within 15 working days from the receipt of a vendor invoice. Noncompliance with the required departmental PAPO policies and procedures puts the Department at greater risk that unauthorized or unnecessary purchases would go undetected.

The RAO submits PAPO packages to DofA as soon as they are received in her office. However, there may be instances when the packages are not given to her until several days after the vendor invoice has been received, resulting in a late submittal to DofA. Noncompliance with the Acquisition Manual and the State Prompt Payment Act results in late payment penalties to the Department.

Recommendation:

To comply with the Acquisition Manual, we recommend District 12's Maintenance management:

- Ensure all PR and PAPO users complete and retain form ADM-3043.
- Ensure all PAPO users are familiar with the requirement of Chapter 7.2.2 of the Acquisition Manual and submit PAPO packages to DofA within 15 working days of receiving a vendor invoice.

7. Noncompliance with Department of Personnel Administration Policy

Background:

State employees are allowed to carry a maximum 640 leave hour balance per the Department of Personnel Administration's policy and Memorandums of Understanding. It is the responsibility of the supervisor to ensure that employees with excess leave shall submit a plan to reduce the excessive balance by the end of that year or the subsequent year.

Issue:

We reviewed payroll records to determine if the time recorded agrees with the personnel records, proper signature on file, direct deposit eligibility, and if employee leave hours are in compliance with the 640 hour limit/cap. We identified two employees with leave balances exceeding the established limit.

The Department's Division of Human Resources' Personnel Information Bulletin 09-16 establishes maximum vacation or annual leave accrual limits/caps for non-represented and represented employees of 640 hours. Supervisors are responsible for ensuring employees with excess leave meet the established requirements.

Supervisors are not monitoring employee leave balances on a monthly basis to ensure they are not exceeding the 640 limit/cap and are also not requiring employees to submit a plan to reduce their hours to the 640 hour limit/cap.

Employees accruing in excess of the established limit/cap of 640 hours will create an unexpected and unbudgeted liability for the State of California having to cash out a large sum when an employee separates from the State.

Recommendation:

We recommend District 12's Maintenance management develop a plan for supervisors to regularly review employee leave balances and identify employees who have the potential to exceed 640 hours. Supervisors will ensure such employees submit a plan to reduce their leave hours to allowable limits by the end of that year or subsequent year.

8. Weaknesses in the Damage Reporting Process

Background:

Damage to the State highway is recorded in IMMS by supervisors or superintendents. When the responsible party of the damage is known, a service request, accident log, and work order(s) are created in IMMS. Once a service request or work order number is assigned, the cost of repair can be monitored. After all work orders are completed, the region office validates the damage report and submits it to DofA, Office of Accounts Receivable, for billing the responsible party. Validation is the process in IMMS that electronically transmits accident logs of DofA for billing.

Issue:

Based upon our interviews and testing of damage claims, we found District 12's damage claim process complies with established guidelines. However, we noted weaknesses in the following areas:

- 14 of 20, (70 percent), tested damage claims were not validated within 90 days.
- 11 of 19, (58 percent), damage claims lacked supporting accident report documentation. This includes documentation to support the work performed (hours, employees, equipment, and materials) and any other information relevant to the accident.
- 18 of 121, (15 percent), service requests were not validated.

The Department's Maintenance Manual, Section 1.12.3 requires all Division of Maintenance personnel involved in the damage claim process to make every effort to complete the damage reporting process within 90 days. In District 12, there is no method for tracking outstanding service requests due to accident damage, which results in failure to follow-up on the process to ensure damages are repaired timely. The length of time it takes for repair can delay the accident report processing. The California Highway Patrol report is also often the delay in completing the accident report, because they are often time-consuming to obtain. Electrical supplies are sometimes supplied by only one vendor and District 12 is at the mercy of the vendor's delivery schedule, and constraints of the procurement process.

Delay in the damage reporting process will cause a postponement or loss in recovering funds from the responsible parties that offset the cost of repair and cleanup.

Recommendation:

We recommend District 12's Maintenance management comply with established guidelines by ensuring:

- The damage claim process is completed within 90 days.
- Supporting documentation for accident log packages is maintained.
- A system for monitoring the status of service requests is in place.

9. Late Submittal of Voyager Monthly Purchase Authorization Form

Background:

Departmental employees use a Voyager card to dispense fuel at the Department's bulk fuel stations, as well as at outside vendors. Voyager card purchases at independent vendor gas stations are monitored through electronic Monthly Purchase Reports generated by DOE. District 12's HSP coordinator, a part-time retired annuitant, is responsible for accessing, printing, reviewing, and approving the Monthly Purchase Reports for Voyager Card charges. The report is reviewed to determine if monthly charges are legal and proper. Once the review is completed, the HSP coordinator certifies the charges by completing and submitting the monthly authorization form before the 10th of every month.

Issue:

Through our interview with the HSP Coordinator and review of the May 2008 Monthly Purchase Report, the monthly certification was not submitted to DOE until August 2008. Also, the HSP Coordinator is not supervisory level or higher.

The State Fuel Card Handbook, Chapter II, requires Equipment Managers, Equipment Coordinators, and Automotive Pool Managers to certify monthly fuel card charge activity by completing and submitting the Voyager Monthly Purchase Report Authorization Form to DOE no later than the 10th of the following month. Chapter II also allows programs to designate an equivalent employee position to be responsible for the Voyager review in lieu of Equipment Managers, Coordinators and Automotive Pool Managers. This information was most recently communicated by DOE's memorandum dated October 15, 2008.

District 12's HSP coordinator is a retired annuitant who works less than a 40-hour week, which could explain why District 12's certifications were not submitted timely. Failure to review and certify monthly reports on a timely basis could result in Voyager Card abuse through improper payments.

Recommendation:

We recommend that District 12's Maintenance management ensure compliance with the State Fuel Card Handbook by submitting the Monthly Purchase Authorization Form for Voyager Card purchases to DOE no later than the 10th of each month. In addition, management must designate an employee, supervisory level or higher, to certify the Monthly Purchase Authorization Form.